

cc: Lynn  
503 0058

**PICKETT RANCH & SHEEP CO.**

1650 SOUTH 568 WEST • OAKLEY, IDAHO 83346 • (208) 862-3482

November 28, 2006

Lynn Kunzler  
Utah Division of Oil, Gas and Mining  
1595 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Dear Lynn,

Please find enclosed a Notice of Termination addressed to Barry R. Peterson of Gold Star Stone, Inc. relating to the stone quarry commonly known as the "Star Stone Quarry", as well as the "Lower" or "Chocolate Charcoal Quarry".

The leased premise related to this termination is:

**TOWNSHIP 14 NORTH, RANGE 17 WEST, SLM, UTAH**

**Section: 21 E1/2NE1/4**

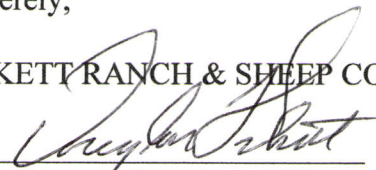
**Section: 22 W1/2NW1/4**

**Together with nonexclusive and conditional access rights across the existing road to the site.**

Be aware that we have no desire to reclaim any roads or access routes as they serve our other needs associated with management of the property. We will however cooperate with the State of Utah and Gold Star as he performs his reclamation obligations.

Sincerely,

PICKETT RANCH & SHEEP CO.

By:   
Douglas T. Pickett, V.P.

DTP/

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**DEC 01 2006**

**DIV. OF OIL, GAS & MINING**

## PICKETT RANCH & SHEEP CO.

1650 SOUTH 568 WEST • OAKLEY, IDAHO 83346 • (208) 862-3482

November 28, 2006

Barry R. Peterson, Pres.  
Gold Star Stone, Inc.  
P.O. Box 60  
Oakley, ID 83346

### NOTICE OF TERMINATION

Pursuant to Sections 2, 26, and 27 of our Lease Agreement dated May 1, 2005, you are hereby notified of its immediate termination due to your (1) failure to provide monthly production reports and your (2) failure to pay the associated royalties for said production.

Section 2 of the lease agreement states: "Lessee understands and agrees that the timely and accurate reporting of stone removed from the premises is crucial to this lease, and any stone that is sold and which is not reported to Lessor under the above provisions shall give cause for the presumption by the Lessor of a fraudulent conveyance by Lessee, the object of which is to defraud Lessor, and the burden of which shall fall on the Lessee to overcome by clear and convincing evidence." We have received no production reports or production royalties for any production since July 1 of this year, yet you have in that time removed hundreds of pallets of stone from the Property.

Section 27 further provides that Lessee, upon execution of the Quarry Lease, conveyed to Lessor a lien on all stone located on the property or removed to any mill site or other location (Emphasis added). As such you will be allowed 30 days (after the winter snow subsides) to remove any structures and equipment from the Property, but no further stone removal will be permitted.

Of course, access will be permitted to enable you to perform any reclamation responsibilities that may be required by the State of Utah in accordance with any applicable State and Federal Statutes.

Sincerely,

PICKETT RANCH & SHEEP CO.

By:   
Douglas T. Pickett, V.P.

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DIV. OF OIL, GAS & MINING